



ANTHONY A. WILLIAMS
MAYOR

December 19, 2005

The Honorable Carol Schwartz
Councilmember, At-Large
Council of the District of Columbia
The John A. Wilson Building
1350 Pennsylvania Ave., NW
Washington, DC 20004

Dear Councilmember Schwartz:

Please find attached responses to questions you submitted on December 13, 2005 concerning the baseball stadium lease and related issues.

Sincerely,

A handwritten signature in cursive script that reads "Anthony A. Williams".

Anthony A. Williams

Cc: The Honorable Linda W. Cropp, Chairman, Council of the District of Columbia
The Honorable Sharon Ambrose, Chairman, Committee on Economic Development
All Councilmembers

1. The Washington Times reported “the city has been negotiating with WMATA and WASA to acquire their parcels of land in the past several months to form the ballpark district.” The WASA property mentioned in the article houses some key operations for WASA. For example, WASA has on that site over 200 employees, approximately 150 pieces of equipment and 2 significant pumping stations. WASA also operates its sewer services and a number of other significant functions on that site. Shouldn’t the dislocation of the DMV from the Brentwood site and the resultant problems have taught you that ousting necessary services without adequate planning and preparation can be disastrous? But, if you unfortunately choose to disregard these legitimate concerns, how, where and when would you propose those functions be relocated? WASA would, of course, have to secure a replacement site for these facilities and operations that meets its needs – not an inexpensive proposition, and one that will have to be borne by the ratepayers (which are us). How can you commit to this quasi-independent agency that such a site can be found? And what would be the effect on the planned development around the stadium site, and expected additional tax revenues, if WASA did not relocate?

WASA is a willing and active participant in the discussions to sell a portion of their land near the proposed ballpark site and in planning future redevelopment. They agree that the land should be redeveloped and have been working with the AWC about a coordinated development plan. Under the proposed plan, the pump stations on their property would remain in place and the other uses would be moved.

We will forward to you on Monday information on the effect on planned development and expected additional tax revenues if WASA did not relocate.

2. The WMATA property mentioned in the previous question is necessary to WMATA operations and houses one of the agency’s bus garages. Furthermore, the Council’s WMATA Board representative has indicated that the WMATA Board has made no commitment to sell the site, nor have they considered the matter. WMATA would, of course, have to secure a replacement site for this facility that meets its needs and is centrally located. Again, this is not an inexpensive proposition, and it is one that will have to be borne at least in part by the District because we subsidize this independent entity. And again, if you unfortunately choose to disregard these legitimate concerns, how, where and when do you propose that this operation be relocated? What would be the effect on the planned development around the stadium site, and expected additional tax revenues, if WMATA did not relocate?

WMATA had previously put this land up for sale through an RFP. WMATA is working cooperatively with the District on relocation of the bus garage and agree that the land should be redeveloped. They are a willing and active participant in planning future redevelopment and are engaged with the AWC about a coordinated development plan.

Their Board recently approved a Resolution confirming its commitment to this cooperative approach.

We will forward to you on Monday information on the effect on planned development and expected additional tax revenues if WMATA did not relocate.

- 3. The baseball stadium agreement required the stadium to contain 2,000 club seats. However, the lease requires the stadium to contain at least 3,800 club seats. Why has the number of required club seats nearly doubled?**

The number of club seats has increased as part of negotiations between the Commission and the Team to refine the program; however, it must be emphasized that these program refinements included deletions and reductions to the program, as well as additions, the net results of which were firmly negotiated by the Commission to be "budget neutral" for the project. (Some examples where MLB gave up program elements include the reduction of baseball office space by 10,000 square feet, the elimination of interview rooms of approximately 1,000 square feet each and the elimination of the Hall of Fame which was approximately 5,000 square feet.) In fact, the number of club seats increased only by 500 (from 2,000 to 2,500) as part of the overall premium seating program summarized below. The figure 3,800 perhaps refers to the sum of the club seats and the diamond club seats. The entire premium seating program (other than suites), is summarized as follows:

<u>Seating Type</u>	<u>BSA Program (2004)</u>	<u>Current program (2005)</u>	<u>Difference</u>
Club Seats	2,000	2,500	500
Founders Club Seats	500	500	0
Diamond Club Seats	<u>1,300</u>	<u>1,300</u>	<u>0</u>
Total	3,800	4,300	500

- 4. The stadium agreement requires club seats to be at least 21 inches wide with a 36 inch tread depth. However, reserved seating is only required to be at least 18 or 19 inches wide with a 33 inch tread depth. Given those requirements, isn't it more expensive to provide a club seat? How much does it cost to provide 2,000 club seats? How much does it cost to provide 3,800 club seats?**

It is more expensive to provide a club seat (for which the architectural team plans a space allocation of 6.5 square feet) than a regular reserved seat (for which a space allocation of 6.0 square feet is planned). However, the 500 club seats that were added to the program were offset by other reductions elsewhere, such that overall there was no additional cost to the project.

- 5. Other than the \$20 million team contribution, does this lease provide for Major League Baseball or the team owner to pay any portion of cost overruns?**

Yes, under certain circumstances the Team is responsible for paying additional Project Costs beyond the \$20 million contribution. Specifically, in accordance with Section 3.9(a) of the Lease and Section 6.4 of the Construction Administration Agreement (the "CAA") the Team shall bear the cumulative net incremental amount of Project Costs resulting from Team Initiated Project Changes. "Team Initiated Project Changes" are (i) amendments to the Project Program Statement proposed in writing by the Team and implemented pursuant to CAA Section 4.1; (ii) amendments to the Baseball Stadium Plans and Specifications requested in writing by the Team after the date of the CAA and implemented pursuant to CAA Section 4.5; (iii) Change Orders implemented pursuant to CAA Section 7.4 necessitated by the oversight, negligence or willful misconduct of the Team; (iv) Change Orders implemented pursuant to CAA Section 7.5; (v) amendments to the Project Schedule adopted in accordance with CAA Section 4.6 resulting from the Team's material non-compliance with deadlines or other requirements set forth in the CAA; and (vi) amendments to the Baseball Stadium Plans and Specifications necessitated by changes after the date of the CAA in Baseball Rules and Regulations.

- 6. Although I understand that the \$20 million team contribution would not be paid until close to the estimated completion date of the stadium, why is it necessary to earmark those funds for fixtures and equipment? What guarantee do we have that the funds will not be used to upgrade the fixtures and equipment? Why can't we decide how to use the funds?**

The allocation of the \$20 million in Section 6.7 to "fixtures and equipment" does not mean that the Team has a right to select which "fixtures and equipment" it wants or to install marble where formica is otherwise planned. The \$20 million will be deposited into the Project Account with all other Project funds and, therefore, can be used by the Commission to pay for any Project Cost. The allocation to "fixtures and equipment" merely reflects that this money will be treated for tax purposes as a capital investment by MLB rather than as rent or some other payment that would result in the entire \$20 million being immediately expensed.

- 7. Mark Tuohey testified that Major League Baseball committed the future team owners to pay this \$20 million without asking for or receiving anything in return. However, coincidentally—or, perhaps, not so coincidentally—the lease agreement also gives the team 1/3 of the parking revenues on non-team event days. Annually, how much is 1/3 of the parking revenues on non-team event days estimated to be worth?**

Assuming that half the spaces are monthly and half are hourly; the monthly spaces rent for \$150/month (discounted because of baseball use) and hourly spaces rent at \$10/day with 1.2 turns per day and they are available 250 days of the year, we estimate that the discounted value (7%) of the thirty year lease term of 1/3 of the parking revenues is \$12.7 million.

8. Would you support a change to the lease that would allow the team contribution to be used to pay any costs of building the stadium?

As noted in response 6 above, the Commission is free to use the \$20 million for any Project Cost. Thus, no amendment to the Lease will be required.

9. Please explain the qualifications that must be met before the team makes the \$20 million contribution I mentioned in the previous question?

As a practical matter, there are no conditions to the Team's contribution other than the passage of time. Under Section 6.7, the Team shall contribute \$20 million upon the later of (i) January 1, 2008, or (ii) the first date after the Commission or the District collectively shall have expended a cumulative total of at least \$400,000,000 from the Project Account for Project Costs. The Commission's project management team expects to have reached the \$400 million threshold (including land acquisition) by mid-Summer 2007.

10. If there is a disagreement between the stadium agreement and the lease, which one prevails?

In the event of a conflict between the terms of the Lease and the Baseball Stadium Agreement, the terms of the Lease would prevail. Section 18.17 of the Lease clearly states that "Article VI of the Baseball Stadium Agreement [which is the portion of the BSA that outlines the terms of the Lease] is deemed to have been satisfied or replaced by virtue of the execution and delivery of this Agreement and shall be of no further force or effect."

11. Exhibit A of the lease indicates that the baseball stadium site is 19 acres and Exhibit B of the baseball stadium agreement indicates that the baseball stadium site is 21 acres. Please explain this discrepancy.

The discrepancy is one of specificity in measurement. The Baseball Stadium Agreement referred more generally to an area that is measured to the center of each of the surrounding streets (South Capitol Street, N Street SE, First Street SE, and Potomac Avenue SE) for a total of 21 acres. The 19 acres described in the Lease measures the same area, but only to the actual property lines. The 19 acres is based on an actual survey.

12. What, if any, specific commitments have you received to pay for infrastructure costs associated with the stadium?

The selected developers have committed to AWC to pay for infrastructure costs associated with their developments which are overlapping infrastructure costs associated with the ballpark.

13. The "construction administration agreement" is referenced several times in the lease. For example, the lease defines "infrastructure" as the facilities constructed and installed as "infrastructure" in accordance with the construction administration

agreement. However, I have not seen the construction administration agreement. Where is that agreement, and when will we see it? Since the construction administration agreement appears important to the lease, will the Council have an opportunity to review and approve or disapprove that agreement?

The CAA has been submitted to Council. Since by its terms, the CAA does not obligate the Commission to spend more than \$1 million within any 12 month period, the CAA does not require separate Council approval. The CAA should not be confused with the Construction Management Agreement to be entered into with the Clark Construction team. That contract will be finalized and submitted in 2006 and will require Council approval.

14. As far as land is concerned, is the baseball stadium site the same as the baseball stadium complex? If not, how do they differ?

Yes; they are congruent in terms of the surface land area now contemplated, including all the above ground parking. The Baseball Stadium Complex is used as a defined term simply to reflect the program that the Commission is obligated to construct for the Team under Section 3.9(a) of the Lease or pay for out of funds in the Project Budget.

15. The Commission will get to use the new stadium for up to 18 calendar days for the first 5 calendar years. However, that number could be reduced to as few as 12 calendar days thereafter, which, of course, could reduce the revenues the Commission would receive from Commission events. Why do the Executive and the Commission continue to tout the 18 days and neglect to mention that those days could be reduced in the future? Why is the possible reduction necessary?

The number of Commission Event Days provided under Section 8.2 of the Lease may be reduced to 12 after the initial five-year trial period in accordance with Section 6.03 of the Baseball Stadium Agreement and the Team's letter to the Chairman of the Commission, dated December 14, 2004, in response to certain concerns of Chairman Cropp regarding the Baseball Stadium Agreement.

Section 6.03 of the Baseball Stadium Agreement provides the Commission with the right to use the Baseball Stadium for "Commission Events" for up to 12 calendar days per year for the term of the Lease. But in response to Chairman Cropp's concerns, the Team agreed to permit the Commission to use the Baseball Stadium for up to 18 calendar days (including eight calendar days during each Major League Baseball season) per Lease year but only for a five-year trial period. Neither the Team's letter to the Commission nor the Baseball Stadium Agreement specifically provides for the number of days that the Commission may use the Baseball Stadium at the expiration of the five-year trial period.

Section 8.2 of the Lease provides that after the expiration of the initial five-year trial period, and at the end of each fifth year of the Lease term thereafter, the parties will assess whether the Commission should continue to be allocated the same number of Commission Event

Days per year as in the prior five-year period. The Team does not have the right to make this determination in its sole discretion. Rather, the determination "shall take into account the experience of recent years as to the impact of Commission Events on the Team's Permitted Uses and on Stadium Revenues." *See*, Lease §8.2(b).

To the extent that the Commission utilizes all of its Commission Event Days during each Lease Year and such use of the Baseball Stadium does not adversely affect the Team's use of the Baseball Stadium in accordance with Section 2.3 of the Lease and the Baseball Stadium's revenue generation (which is a concern both to the Team and the District, as issuer of the Stadium Revenue Bonds), it is probable that the Commission will continue to be allocated 18 Commission Event Days per Lease Year.

In addition to the number of Commission Event Days allocated to the Commission for each Lease Year, Section 8.2 also provides that "two days may be used for the preparation and set-up for Commission Events, and one day may be used for post-event removal of temporary facilities and materials and for general clean-up without, in either case, being counted as Commission Event Days." Therefore, with respect to each Commission Event Day provided under the Lease, the Commission may have use of the Baseball Stadium Complex for up to four calendar days, a substantial increase over the 12 calendar days provided for under Section 6.03 of the Baseball Stadium Agreement.

16. The lease would entitle the Commission to all net revenues derived from Commission events including, but not limited to, advertising, broadcast rights and parking. Where will those funds go?

The Commission, a subsidiary of the District of Columbia, would receive these revenues just as they do at RFK. All tax revenues generated by Commission events would go to the Ballpark Revenue Fund.

17. Section 8.6 provides that if the Team is sold prior to April 1, 2010, the Team will pay the Commission 15% of the excess, if any, of the sales price less any cumulative net operating losses over the Team's acquisition price for the Franchise. Owners do not generally sell profitable teams, so isn't it likely that this clause would net little, if any, funds for the District if exercised? In other words, isn't it likely that any funds to be designated for the District would be offset by the cumulative operating losses of the team?

It is not possible to predict the likelihood that, or price at which, the Team might be sold again prior to April 1, 2010. However, contrary to your assertion, owners often sell teams when they are profitable, since profitable teams command the highest price.

18. If this lease is approved and executed, will the Council have any further opportunity to vote on the stadium deal?

The Council will have the opportunity to vote to approve or disapprove the Construction Management Agreement between the Commission and Clark Construction, under which Clark is obligated to construct the Baseball Stadium Complex by March 1, 2008. Additionally, as provided under D.C. Code §1-205.51(b)(1), the Council must approve any contract arising under the Lease or the CAA that obligates the Commission or the District to spend \$1,000,000 or more in any 12-month period.

19. If this lease is approved and executed, what is the maximum amount of money for which the District will be liable for the construction of the stadium?

The Project Budget, submitted to the Council on Friday, December 16, as Exhibit C to the CAA, states that the land acquisition, construction and financing costs for the Baseball Stadium Complex, including a contingency of \$43,220,000, total approximately \$630,800,000. Proceeds from the Stadium Revenue Bonds will offset approximately \$534,800,000 of these costs and the Team's \$20,000,000 contribution to construction costs will decrease further the gap between bond proceeds and total project costs.

20. If this lease is approved and executed, what is the maximum amount of money for which the District will be liable for capital improvements?

If the Lease is approved and executed, the Commission will be responsible for the costs of Necessary Improvements and a portion of the costs of Upgrade Improvements, while the Team will be responsible for 100% of the costs of its Discretionary Improvements and the remaining portion of the costs of Upgrade Improvements. While the District's maximum exposure to these Capital Improvement costs are not currently determinable, the Commission has hedged against these future costs by (i) negotiating the foregoing capital repair cost allocation, (ii) agreeing to fund annually a \$1,500,000 Capital Reserve Fund, (iii) agreeing to fund on or prior to the fifth anniversary of the Commencement Date, a \$5,000,000 Contingency Reserve Fund, (iv) negotiating for the Team to be responsible for the costs of Maintenance and Repair of the Baseball Stadium Complex, and (v) limiting the Team's Permitted Uses of the Baseball Stadium Complex.

Cost Allocation for Capital Improvements

Section 6.3 of the Lease allocates 100% of the costs of Necessary Improvements to the Commission and 100% of the costs of Discretionary Improvements to the Team. The costs of Upgrade Improvements are divided between the Commission and Team, based upon the percentage contributions from Major League Baseball clubs and Major League Baseball ballpark owners to the same or similar upgraded facilities in other Major League Baseball ballparks that, at the time of determination, are governmentally owned and more than two years old. See, Lease §6.3.

However, the Commission is not obligated to pay for (i) Necessary Improvements or Upgrade Improvements during the continuation of a Team Default or if such Capital Improvements are not include in the capital expenditure plan provided by the Team and

approved by the Commission under Section 6.2 for such Lease Year, or (ii) during Extension Terms, Upgrade Improvements with useful lives longer than the remaining term of the Lease. *Id.*

Necessary Improvements, generally, are capital improvements that are required (i) by applicable law; (ii) in order to obtain insurance at commercially reasonable rates; (iii) for the Stadium Field and lighting and fire and life safety features of the Baseball Stadium Complex to comply with Baseball Rules and Regulations; or (iv) to replace components of the Baseball Stadium Complex at the end of their economic life cycle. However, capital improvements necessitated by the Team's violation of the Lease are not Necessary Improvements. *See*, Lease, Definition of "Necessary Improvements".

Upgrade Improvements are capital improvements that are necessary to keep the Baseball Stadium Complex on par with the upgraded facilities in place (at the time of determination) in at least 50% of all Major League Baseball ballparks that are governmentally owned and more than two years old. *See*, Lease, Definition of "Upgrade Improvements".

Commission Funding of Capital Reserve Fund and Contingency Reserve Fund

The Commission is obligated to establish and fund annually a Capital Reserve Fund. *See*, Lease §6.4. On or before (i) the 45th day following the Commencement Date and (ii) April 15 of each Lease Year beginning with the second Lease Year, the Commission is obligated to deposit \$1,500,000 into the Capital Reserve Fund. Amounts in the Capital Reserve Fund may be used, for among other reasons, to fund the Commission's obligations to pay for Necessary Improvements and Upgrade Improvements. *See*, Lease §§6.4(b) and (d).

The Commission also is obligated to fund a \$5,000,000 Contingency Reserve Fund on or before the fifth anniversary of the Commencement Date. *See*, Lease §6.5. Amounts in the Contingency Reserve Fund may be transferred to the Capital Reserve Fund in the event the balance in the Capital Reserve Fund is insufficient to pay for Necessary Improvements or for the Commission's share of Upgrade Improvements, or may be used for such other purposes as the Commission and Team agree are necessary or appropriate to preserve, maintain or enhance the value of the Baseball Stadium Complex. *See*, Lease §§6.5(b) and (c).

Team's Maintenance and Repair Obligation

The Team is obligated to make and pay for all Maintenance and Repairs to the Baseball Stadium Complex. *See*, Lease §5.2. Maintenance and Repairs must be performed using good and workmanlike procedures, good quality materials and supplies, and components and replacement parts that are of the same or better quality as the quality of those being repaired or replaced. *Id.*

"Maintenance and Repairs" means work, labor and materials of a routine, regular or preventative nature that are reasonably required in the ordinary course of business to be performed and used to: (i) maintain the Leased Premises in good, clean working order as a first class sports facility; (ii) maintain the Leased Premises in compliance with all applicable laws and Baseball Rules and Regulations; (iii) maintain all equipment, machinery, systems and fixtures included in the Leased Premises in compliance with all stipulated maintenance

in the applicable operating manuals; (iv) repair or restore components of the Leased Premises and Separate Property as a result of ordinary wear and tear, damage or destruction, including periodic painting and application of protective coatings; (v) perform groundskeeping and maintenance of the Stadium Field in accordance with Baseball Rules and Regulations; (vi) replace, at the end of their economic life cycle, those components of the Leased Premises whose reasonably expected economic life at the time of original installation was two years or less; and (vii) repair damage and correct conditions caused by the Team's violation of the Lease. *See, Lease, Definition of "Maintenance and Repairs"*.

Limitations on Team's Permitted Uses

The Commission recognized in negotiating the Lease that the Team's ability to use the Baseball Stadium Complex for events other than Major League Baseball-related events could have a significant impact on the Commission's Capital Improvement obligations. To minimize this risk, the Commission limited the Team's non-baseball related uses of the Baseball Stadium Complex to uses (i) pursuant to a Rental/Promotion Agreement, the form of which is approved by the Commission, (ii) as are commonly made of Major League Baseball ballpark facilities of comparable scale to the Baseball Stadium Complex, and (iii) approved by the Commission. *See, Lease §§2.3(b), (d) and (e)*.

Additionally, the Team is not permitted to use the Baseball Stadium Complex in any manner that creates safety hazards or that would interfere with its safe and normal operation, management and maintenance. *See, Lease §2.3*.

21. Dr. Gandhi has indicated that part of the costs associated with building a stadium at the RFK site would be a \$31 million contingency fund to be used if the federal government requires a 2-year environmental study before building. What costs have been assigned to the environmental study and clean up of the southeast site?

The city's Chief Financial Officer has included in cost estimates of the southeast site \$8 million for remediation, \$0.8 million for remediation contingency and \$0.5 million for an environmental study, which has already been completed. Phase I and Phase II Environmental Assessments have already been completed on the southeast site under the auspices of the Office of the Chief Financial Officer and the Office of Property Management. The Phase II reports provide the estimate for the remediation costs. .

22. Dr. Gandhi has often said that the stadium rent payment will be \$6 million per year. However, the stadium lease provides that the rent will be \$3.5 million in year 1 and will escalate to \$5.5 million in year 6. Beginning in year 7, the rent will be \$10,000 less than 102% of the previous year's rent provided that the rent will not increase if the team's attendance for the previous year is less than Major League Baseball's median attendance for the same period. Given this formula, isn't it possible that the rent payments may never reach \$6 million?

It is theoretically possible, given the Basic Rent structure provided under Section 6.1, that Basic Rent will never escalate above the \$5,500,000 that will be owed for the fifth Lease

Year. Dr. Ghandi's models assume that the Nationals' paid home attendance for any Lease Year will be at least equal to the median paid home attendance for Major League Baseball clubs for the three preceding years.

Despite the theoretical possibility that Basic Rent could never be during over the 30-year term of the Lease in an amount that exceeds the fifth Lease Year's Basic Rent obligation, it is highly improbable that such an outcome will occur. For reference, even without a local owner, a new stadium, convenient television coverage, or much marketing, the Nationals paid home attendance for the 2005 regular season was the eleventh highest of the 36 Major League Baseball clubs.

23. Section 16.1 of the lease provides that in the event of a team default, the Commission would have a choice of remedies. Would you support adding language to that section that would require the Council to actively approve the Commission's choice of remedies in the event of a team default?

The Lease is an agreement between the Team and the Commission with respect to the use of the Baseball Stadium Complex and therefore, such language should not be incorporated into the Lease.

While the Commission would solicit and accept input from other voices in the District government regarding such matters, the purpose of the Commission is to establish an independent agency with authority and responsibility for managing this contract. Requiring Council approval of the Commission's choice of remedies would compromise the Commission's independence and ability to professionally administer this contract.

24. You have said that placing the stadium on the southeast site would generate many additional revenues for District citizens. Can you commit that none of those additional revenues will be given to developers in the form of tax increment financing?

Yes.

25. The stadium agreement requires that the stadium have 1,100 parking spaces and this requirement was unaltered in the lease. Please detail how 1,100 parking spaces will be able to adequately serve a 41,000-seat stadium?

The Baseball Stadium Agreement and the Lease require the city to provide 1,100 parking spaces as well as 125 handicap parking spaces and parking for up to 30 buses.

Both the DC Sports and Entertainment Commission (DCSEC) and the Anacostia Waterfront Corporation (AWC) have had studies performed projecting the supply and demand of parking generated by a new ballpark at the Anacostia Waterfront site. The report prepared for the DCSEC is included in the Traffic Management Plan which will be submitted as part of the zoning approval process. It is expected that DDOT will issue an opinion on the adequacy of the DCSEC Traffic Management Plan as part of the zoning review process.

The AWC study was performed by Walker Parking Consultants. The DCSEC study was performed by Gorove / Slade Associates. Both compiled projections of parking demand requirements based on expected attendance and their estimates of how many fans will drive to the games and how many riders each car will carry.

We are in the process of comparing the conclusions of the two studies. Both studies agree that there should be adequate parking available for weekday evening and weekend games (the AWC finds a slight deficit for weekday evening games). Both reports find a deficit for weekday daytime games although the DCSEC finds that there is almost enough supply to meet the demand.

The results of the studies follow, shown as a range of findings between the two studies:

2008 Parking Projections by day/time of game:

	Demand		Supply	Surplus / Deficit	
	DCSEC	AWC		DCSEC	AWC
Weekday Daytime (10/season)	3,850	6,170	3,490	360 deficit	2,680 deficit
Weekday Evening (45/season)	4,900	6,170	5,860	960 surplus	310 deficit
Weekend (26 /season)	4,900	6,170	6,850	1,950 surplus	680 deficit

Parking supply projections are for what is considered a walking distance of 4,000 ft. or a 15 minute walk. The vast majority of the parking supply is off-street parking. No on-street parking in residential areas was considered.

An additional 9,250 to 11,950 spaces could be made available in remote parking garages located at RFK stadium, L'Enfant Plaza, Anacostia Metro and Maritime Plaza. This remote parking can address any parking deficits.

The AWC study projects that approximately 45% of attendees will drive to the game and that the average vehicle occupancy will be 2.9 people. The DCSEC projects that, depending on the game time, between 28% and 43% of attendees will drive to the game and that the average vehicle occupancy will range from 2.8 to 3.3 people.

The reports both offer a number of recommendations to address parking demand. It is anticipated that future ancillary development around the ballpark site will supply a great deal of additional parking. Furthermore, the team will be expected to enter into agreements with parking operators to make parking available for those attending ballgames.

The AWC will continue to study parking and transportation issues around the ballpark site factoring the impact and demands created by the ancillary development. They will coordinate and maximize the development of underground parking with the firms recently selected to work with them on the ballpark district.

DCSEC will add to the Traffic Management Plan through the development of a full Transportation Operations Plan that will continue to plan for traffic and parking operations for the new ballpark. Their consultant, Gorove Slade, performed this work for the MCI Center.

26. Section 8.4 of the lease details with specificity the number and type of tickets the Commission shall get and when they shall get them. However, section 8.5, Community Benefit Obligations, is vague. Section 8.5 simply provides that the Team shall:

- **Maintain, fund and promote a Washington Nationals Foundation to benefit DC residents;**
- **Endeavor to maximize benefits for DC residents;**
- **Request and encourage advertisers and sponsors to contribute to the Foundation;**
- **Request and encourage players and other Team personnel to contribute to the Foundation;**
- **Take affirmative steps to hire DC residents and contract with LSDBE's; and**
- **Annually provide DC charities with 250,000 tickets at a 25% discount and 8,000 tickets for free.**

Other than the tickets, what are the guaranteed community benefits?

The Team's community benefit obligations under Section 8.5 of the Lease are consistent with those negotiated by the Commission and District under Section 6.12 of the Baseball Stadium Agreement, which were clarified by the Team's December 14, 2004 letter to the Chairman of the Commission, and all of which were approved by the Council in December 2004.

Under Section 8.5, the Team "covenants and commits to develop and deliver a strong and substantial community benefits package that will take into account, *inter alia*, best practices of Major League Baseball clubs" and will include those items that you list above, as well as working with the Team's players, coaches and senior management to make "at least 50 personal public appearances (counting no more than three appearances per event) per Season in the greater Washington D.C. metropolitan area in support of education, youth sports, or other public service activities." Therefore, what is guaranteed under the Lease is that the Team will deliver a strong and substantial community benefits package. The exact form of that package will be shaped through cooperation between the Team and community leaders who know better than the Commission how the Team can best serve the District's residents.

To the extent, however, that the Team fails to satisfy its community benefit obligations under Section 8.5 for any Lease Year, the Team will have breached a Lease obligation, resulting in the occurrence of a Team Default under Section 16.1(k). The Commission would then be entitled to seek appropriate remedies, which may include seeking an arbitration award under Section 16.7 requiring specific performance of the Team's community benefit obligations. See, Lease §16.1(iv).